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October 2, 2007

The Honorable Chairman and Members of  
the Hawaii Public Utilities Commission  
465 South King Street  
Kekuanaoa Building, First Floor  
Honolulu, Hawaii 96813

FILED  
2007 OCT -2 P 4:07  
PUBLIC UTILITIES  
COMMISSION

Dear Commissioners:

Subject: Docket No. 2006-0386  
HECO 2007 Test Year Rate Case  
DOD Signature Page for the Parties' Letter of September 21, 2007

On September 21, 2007, Hawaiian Electric Company, Inc. ("HECO"), the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the Department of the Navy on behalf of the Department of Defense ("DOD") filed a letter in response to the Commission's Letter to the Parties dated September 18, 2007, regarding the Energy Cost Adjustment Clause.

A facsimile copy of the DOD's signature page was included in the filing. Enclosed for filing is the DOD's original signature page.

Very truly yours,

Dean K. Matsuura  
Manager, Regulatory Affairs

Enclosure

cc: Division of Consumer Advocacy  
Dr. Khojasteh Davoodi  
Randall Y. K. Young, Esq.

requirements and resulting base rates that are authorized by the Commission in a final Decision and Order for the instant docket.

The estimate of revenue at current effective rates should not be affected, because any change in the risk sharing formulation would be prospective. HECO would prospectively change the calculation of the energy cost adjustment to reflect the alternative risk-sharing mechanism that is approved by the Commission in a final decision and order in this case.<sup>2</sup>

A change in the risk-sharing formulation following a Commission final order in the rate case may affect the revenues recovered through the ECAC in the future, as a result of changes that would be necessary to future monthly ECAF filings. However, those future changes would not affect the level of interim rate relief nor create a basis for refunds.


Very truly yours,

William A. Bonnet  
Vice President,  
Government and Community Affairs

Concurred:

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Catherine P. Awakuni  
Executive Director  
Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs



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Dr. Khojasteh Davoodi  
Department of Defense

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<sup>2</sup> As noted on page 3 of Exhibit 1 to the Stipulated Settlement Letter, the Parties have already agreed on certain changes to the ECAC, which would be made when the final rates approved in this docket take effect.